

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT –  
USPS CONNECT LOCAL MAIL

Docket No. MT2022-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
COMMISSION INFORMATION REQUEST NO. 1  
(November 30, 2021)

The Postal Service hereby responds to Commission Information Request No. 1, issued on November 23, 2021. Each question is stated verbatim and is followed by the response.

Respectfully submitted,  
UNITED STATES POSTAL SERVICE

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## **RESPONSE OF THE UNITED STATES POSTAL SERVICE TO COMMISSION INFORMATION REQUEST NO. 1**

1. The Postal Service describes USPS Connect Local Mail as “a First-Class Mail product accepted at Destination Delivery Units (DDUs) or by carrier pick-up in line-of-travel (LOT).” Notice at 2.
  - a. Please define the term “carrier pick-up in line-of travel (LOT).”
  - b. Please specify the criteria the Postal Service will use to determine if a Parcel Select package qualifies for USPS Connect Local Mail.
  - c. Please confirm that a USPS Connect Local Mail must have an origin and a destination that are served by the same delivery unit.
  - d. Please describe each of the steps in the end-to-end process for the acceptance and delivery of USPS Connect Local Mail.

### **RESPONSE:**

- a. Carrier pick-up in line-of travel (LOT) means that USPS Connect Local Mail can be handed to the carrier at the time the carrier is delivering mail to the address. This is different from “Pick-up on Demand” which occurs when a customer schedules the time and place that a carrier will pick up the mail.
- b. Parcel Select consists of mailable matter that is neither mailed, nor required to be mailed, as First-Class Mail. One such example is personal identifiable information (PPI) which is NOT eligible for Parcel Select and must be mailed as First-Class Mail. Additionally, USPS Connect Local Mail is limited to a First-Class mail product that weighs up to 13 ounces and contain paper-based materials like documents.
- c. Confirmed. The mail must be deposited at the facility that also serves as the delivery unit.

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- d. A mailer wishing to send a USPS Connect Mail piece must log-on to Click-N-Ship or an alternate API vehicle for sending postage. Assuming the mailer is using Click-N-Ship, the applications will ask for the mailer's return address and the address they are sending to which they are sending the mail piece. If the receiving address is served by the same delivery unit as the sending address, Connect Local Mail will appear as an option for mailing. Assuming the mailer can click all the correct boxes for content and weight restrictions for this mail piece, Click-N-Ship will create a label for the mail piece to be affixed on either a special Connect Local Mail container that the mailer will have obtained by requesting containers from Click-N-Ship or possibly obtaining them at their delivery unit if available. The mailer can also put the label on their own flat envelope as long as it meets the size restriction (not larger than 12"x15" or more than  $\frac{3}{4}$ " thick). After the mailer has printed the Connect Local Mail label from Click-N-Ship or some other API source and paid for it, the mailer can either drop the mail piece off at the delivery unit for delivery or wait for the mail carrier to pick up the letter when the carrier picks up out-going mail for that day in their line-of-travel route. Depending on when the delivery unit receives the Connect Local mail piece, the mail piece will either be delivered that same day or the next day.

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### **Destination Delivery Unit procedures:**

Acceptance: Upon shipment arrival, offices perform a cursory review to ensure that the shipment is for your facility. Shipment acceptance requires a face-to-face exchange with the customer.

Scanning: Offices scan the PS Form 5630—Shipment Confirmation

Acceptance Notice (SCAN Form) as “ACCEPT” upon receipt of the shipment. If customer does not have the PS Form 5630, offices will enter Prepaid Accept mode on the scanner and scan each individual Intelligent Mail® package barcode (IMpb®) shipping label as “Prepaid Accept” upon receipt of the shipment. Mailpiece will be placed in the case for the carrier to deliver the same day or next day.

The label on the mailpiece will be scanned by carrier upon delivery at the final delivery location.

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2. The Postal Service states that “[i]nitial pricing for this service will be \$2.95 for a Letter or Flat size mailpiece with a weight up to 13 ounces. Since this product bypasses end-to-end transportation costs, pricing for USPS Connect Local Mail will cover the attributable costs for each piece of USPS Connect Local Mail. Attributable costs for USPS Connect Local Mail is estimated at \$2.03 per piece. This estimate is based off the volume variable cost for Priority Mail flats, with some modifications to reflect the differences in mail processing, transportation, and packaging costs.” Notice at 2-3.
- a. Please provide the model and calculations used to develop the estimated cost per piece for USPS Connect Local Mail. Please explain any assumptions made in developing the estimate.
  - b. Please explain the decision to use Priority Mail flats as a proxy to estimate volume-variable cost for USPS Connect Local Mail. Specifically, please explain why Priority Mail flats is a better proxy than Priority Mail Express flats or First-Class Mail flats to estimate volume-variable cost for USPS Connect Local Mail.
  - c. Please confirm that mailers who choose carrier pick-up in LOT will not be charged a carrier pick-up fee in addition to the proposed pricing of \$2.95. If confirmed, please provide an estimate of the potential revenue loss derived from not collecting the existing carrier pick-up fee. If not confirmed, please specify the carrier pick-up fee that will be charged for USPS Connect Local Mail.

**RESPONSE:**

- a. This information has been filed under seal in USPS-MT2022-1-NP1.
- b. Priority Mail flats was selected as the most appropriate proxy because unlike First-Class Mail flats, USPS Connect Local Mail will receive tracking scans and thus the mail processing and delivery procedures will be more similar to those of Priority Mail flats rather than First-Class flats, which do not receive tracking scans. In addition, unlike Priority Mail Express, USPS Connect Local Mail will not be a guaranteed same-day or next-day service and will not allow a request for a signature upon delivery. As such, the Priority Mail flats handling steps are most similar to the proposed USPS

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Connect Local Mail product, with the modifications described and reflected in the response to part (a) of this question.

- c. Confirmed. Mailers who choose Carrier Pick-Up in LOT will not be charged a fee.

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3. Please identify any limitations on availability during the market test period, including whether USPS Connect Local Mail will be available to individuals or whether the service is intended to be solely available to businesses. If the Postal Service intends to change limitations on availability during the market test period, please provide the planned schedule for such changes.

**RESPONSE:**

The product is available to all registered Click-N-Ship customers whether a business or an individual.

During the market test period, USPS Connect Local Mail is planned to only be available to mailers who have signed up for Click-N-Ship or have some other API approved account that allows for the creation of labels and electronic payment for the mail pieces.

The service will be available to individuals who have access to Click-N-Ship or other API accounts. There are currently no planned changes for these restrictions.

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4. The Postal Service states that it “believes that local document delivery could benefit from increased competition[.]” Notice at 1. Please list and describe the alternative service option(s) available in the market that mailers may use instead of USPS Connect Local Mail.

**RESPONSE:**

Alternative service options include:

- Local couriers and messengers delivering documents via bicycle or automobile;
- Fed-Ex overnight and/or 2-day deliveries;
- UPS overnight delivery service and/or 2-day deliveries; and
- Smaller companies that deliver documents on an expedited basis.



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5. Other than the mail acceptance process, please explain how USPS Connect Local Mail is different from Priority Mail Express Local, 1 and 2 and Priority Mail Local, 1 and 2.

**RESPONSE:**

USPS Connect Local Mail USPS Connect Local Mail is a DDU product deposited at the actual destination delivery at designated USPS facilities. Another distinction is this product can be delivered on the same day it is deposited. USPS Connect Local Mail is not guaranteed, does not carry insurance, is not eligible for other Special Services, and cannot be held for pick-up.

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6. Please specify the percentage of total Priority Mail Express volume from zones Local, 1, and 2 that is estimated to potentially qualify as USPS Connect Local Mail.

**RESPONSE:**

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7. Please specify the percentage of total Priority Mail volume from zones Local, 1, and 2 that is estimated to potentially qualify as USPS Connect Local Mail.

**RESPONSE:**

This information has been filed under seal in USPS-MT2022-1-NP1.

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8. Please specify the percentage of total FY 2020 First-Class Mail volume estimated to potentially qualify as USPS Connect Local Mail.

**RESPONSE:**

The Postal Service is unable to estimate the percent of First-Class Mail flats that originated and destinated in the same 5-D areas due to the lack of visibility into DDU-level origin information.

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9. Please specify whether the Postal Service performed any operational testing of USPS Connect Local Mail.
- a. If an operational test was performed:
    - i. Please describe the nature, scope, duration, and results obtained from such operational test. Please include in the description a list of ZIP Codes included in the operational test and identify the postage paid by mailers for USPS Connect Local Mail during the test.
    - ii. Please describe how the proposed market test for USPS Connect Local Mail will differ from the operational test previously conducted.
  - b. If an operational test was not performed, please confirm that the Postal Service intends to conduct an operational test for USPS Connect Local Mail in the future.
    - i. If confirmed, please identify the date on which such operational test is planned to begin.
    - ii. If confirmed, please describe the nature, scope, and duration of the intended operational test. Please include in the description a list of ZIP Codes to be included in the operational test and identify the postage to be paid by mailers for USPS Connect Local Mail during the test.

**RESPONSE:**

- a. We did not conduct any operational testing of USPS Connect Local Mail.  
  
An operational test is currently underway for USPS Connect Local packages. USPS Connect Local Mail was built on these same practices, except it is for Mail.
- b. An operational test is not planned for USPS Connect Local Mail in the future.